Funding streams for health emergency preparedness and response in the context of COVID-19

Report by the Secretariat

INTRODUCTION

1. The coronavirus disease (COVID-19) pandemic is a global health crisis, with human, economic, and social costs that are unprecedented in recent history. No country or community has been spared the direct and indirect impacts of the COVID-19 outbreak. While the pandemic has raised many new questions about global health functions and how they are delivered, it has removed any doubts surrounding global readiness for a public health emergency with pandemic potential. The international community has systematically underinvested in preparedness for decades and delayed financing for response when the outbreak hit: investments and actions that could have saved millions of lives.

2. Currently, there is insufficient investment by national governments, development partners, international financing institutions and the private sector in national and regional preparedness and response capacities for disease outbreaks and other health emergencies. Emergency response financing mechanisms and streams are variable, fragmented and fundamentally underfunded. The world needs coordinated, predictable, transparent and flexible funding from a broad base of sources in order to ensure that it is prepared for and can respond to health emergencies.

FUNDING MECHANISMS DEPLOYED FOR COVID-19

3. The COVID-19 response has cost hundreds of billions of dollars to implement and has resulted in trillions of dollars in lost economic output. The vast majority of COVID-19 response costs were funded through national financing mechanisms. In addition to national financing, the international community has funded billions of dollars’ worth of response actions through bilateral and multilateral support that in general fall into the following categories.

(a) Contingency funding for emergency response: Immediate preparedness and response activities were funded through existing contingency funding mechanisms such as the WHO Contingency Fund for Emergencies (US$ 25 million), the World Bank Pandemic Emergency Financing Facility (US$ 195 million), and the United Nations Central Emergency Response Fund (US$ 135 million).
Reprogramming of existing official development assistance funding: All official development assistance agencies and implementation partners have significantly redeployed existing staff, assets and programme resources for COVID-19 preparedness and response.

Increased bilateral funding: Official development assistance agencies have provided additional funding and in-kind contributions for preparedness and response directly to countries as well as through implementation partners based on COVID-19 plans and appeals such as the WHO’s COVID-19 Strategic Preparedness and Response Plan (US$ 3.6 billion) and the Global Humanitarian Response Plan for COVID-19 (US$ 10.7 billion).

Multilateral funding: Multilateral international financial intermediaries such multilateral development banks and other pooled health funds (GAVI, the Vaccine Alliance, the Global Fund, the Coalition for Epidemic Preparedness Innovations) have raised financing to fund COVID-19 preparedness and response through mechanisms such as the World Bank’s COVID-19 Fast-Track Facility (US$ 6.4 billion), the Global Fund’s COVID-19 Response Mechanism (US$ 4.5 billion) and other coalitions such as the Access to COVID-19 Tools (ACT) Accelerator (US$ 15.1 billion).

Private sector financing and investment: The private sector as well as the general public have raised financing for COVID-19 preparedness and response through mechanisms such as the COVID-19 Solidarity Response Fund (US$ 275 million) and other private foundations. In addition, the private sector has made significant investment in new technologies such as COVID-19 vaccines.

While the financing mechanisms outlined above have raised unprecedented levels of funding for COVID-19 preparedness and response, the overall approach to fundraising could be characterized as fragmented, ad hoc and not predictable or sustainable enough to fully prepare for, prevent, detect and respond to pandemic threats. There are a number of shortcomings with the existing funding mechanisms, namely: (i) contingency funding resources are both limited and in some cases deployed too late to rapidly contain emerging threats; (ii) reprogramming of existing official development assistance funding and increasing additional bilateral funding are done on an impromptu basis that is both time-consuming and unpredictable and often takes away from other competing needs; (iii) multilateral funding is mainly deployed through existing development mechanisms that are often not responsive or predictable enough for emergency situations; and (iv) mechanisms for private sector financing are, for the most part, limited and ad hoc. In addition, most of the financing mechanisms are mainly deployed for emergency response: scalable, predictable financing dedicated for emergency preparedness and readiness is virtually non-existent.

FUNDING STREAMS REQUIRED FOR FUTURE HEALTH EMERGENCY PREPAREDNESS AND RESPONSE

New predictable and sustainable financing streams are required if the world is to be better prepared for the next health emergency and in a position to detect new threats and scale response at the speed required to prevent the next crisis. This will require significant additional financing for health emergency preparedness and response. Action must be taken to ensure that official development assistance flows mobilized for pandemic preparedness and response add to, rather than divert resources from other priority development needs.
6. Major funding streams are required for:

(a) **Sustainable health security and public health capacity at the national and regional levels** for effective preparedness and response, notably by accelerating implementation of the International Health Regulations (2005); achieving national targets for core capacity development; and supporting robust national action plans for health security, embedded in efforts to strengthen health care and public health systems, including the deployment of a well-trained, well-equipped frontline health workforce.

(b) **Globally connected disease surveillance and rapid response systems** to enable rapid detection and scaling up of response to contain outbreaks at their source, including the establishment of national and international emergency response coordination mechanisms; deployment of surge health workforces and essential supplies; continuous monitoring, assessment and communication of risks; and real-time development and dissemination of guidelines to address evolving threats.

(c) **Development, manufacturing and equitable distribution of medical countermeasures and other lifesaving tools**, including vaccines, diagnostics, therapeutics, personal protective equipment and oxygen, and ensuring readiness to quickly develop new tools and resilient supply chains at each stage of production.

**FUNDING MECHANISMS FOR HEALTH EMERGENCY PREPAREDNESS AND RESPONSE CURRENTLY UNDER DISCUSSION**

**Strengthening WHO emergencies preparedness and response**

7. In May 2016, WHO Member States agreed to establish the new WHO Health Emergencies Programme. The programme delivers rapid, predictable and comprehensive support to countries and communities as they prepare for, face or recover from emergencies caused by disease outbreaks, natural or human-made disasters, or conflicts. It is currently responsible for coordinating the global response to the COVID-19 crisis.

8. In 2020–2021, the WHO Health Emergencies Programme was allocated a core biennial budget of US$ 660 million financed through a mix of flexible core contributions (24%) and specified voluntary contributions (76%). In addition to core budget financing, the programme manages operations for outbreak and crisis response, which are funded through appeals. In 2020–2021, the cost of implementing such operations is projected to be US$ 2.7 billion.

9. The relative proportion of the core budget allocated to implementing operations for outbreak and crisis response has decreased since the establishment of the WHO Health Emergencies Programme – from 40% in 2016–2017 to 17% in 2020–2021, meaning that the programme has had to meet the increasing need for outbreak and crisis response with a relatively decreased amount of core budget and financing. The need to increase the core capacity and predictable financing of the WHO Health Emergencies Programme as a critical element of strengthening global health emergency preparedness and response has been recognized both in resolution WHA74.7 (2021) and by the Working Group on Sustainable Financing.

10. In resolution WHA74.3 (2021) on the Programme budget 2022–2023, Member States requested the Director-General to submit, as deemed necessary, a revised Programme budget 2022–2023, including its revised appropriation resolution, as appropriate, to the Seventy-fifth World Health
Assembly to reflect the rapidly changing health situation of the world due to the COVID-19 pandemic, in the light of the findings of the independent reviews presented to the Seventy-fourth World Health Assembly and the recommendations of the Working Group on Sustainable Financing.

New instruments for sustained, predictable funding for health emergency preparedness and response

11. The Independent Panel for Pandemic Preparedness and Response, the G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response, and numerous other global independent groups and experts have called for the establishment of new multilateral instruments for health emergency preparedness and response. A new instrument could address the topic of sustained, predictable funding for health emergency preparedness and response, including from domestic budgets. Any new financial mechanism will need to be inherently linked to existing and emerging governance mechanisms, systems and tools to form a new global architecture for health emergency preparedness and response.

12. It has been estimated that investment needs for pandemic preparedness and response over the next 10 years will stand at around US$ 10 billion annually, primarily to address the growing, systemic risks of deadly and costly pandemics and to bolster global, regional, and national capacities for prevention of and preparedness and rapid response to infectious threats. A new financial instrument would serve as a tool to close the remaining financing gaps for the global COVID-19 pandemic response and sustain new funding to strengthen global, regional, and national efforts to prevent, detect and respond to emerging infectious disease threats with cross-border potential. Any new financial instrument should complement and make use of existing institutional capacities without adopting direct implementation and/or operational roles. A number of possible new financial instruments are currently under discussion.